

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

CENTRAL VALLEY PROJECT

SCHEDULE OF RATE FOR SPINNING RESERVE SERVICE

Effective:

October 1, 2011, through September 30, 2016.

Available:

Within the marketing area served by the Western Area Power Administration (Western),
Sierra Nevada Customer Service Region.

Applicable:

To customers receiving spinning reserve service.

Character and Conditions of Service:

Spinning reserve service supplies capacity that is available immediately to serve load and is
synchronized with the power system.

Formula Rate:

The formula rate for spinning reserve includes three components:

Component 1:

The formula rate for spinning reserve service is the price consistent with the California
Independent System Operator's market plus all costs incurred as a result of the sale of spinning
reserves, such as Western's scheduling costs.

For customers that have a contractual obligation to provide spinning reserve to Western and
do not fulfill that obligation, the penalty for non-performance is the greater of 150 percent of

Western's actual cost or 150 percent of the market price.

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by the Federal Energy Regulatory Commission (FERC) or other regulatory bodies will be passed on to each relevant customer. The FERC's or other regulatory bodies' accepted or approved charges or credits apply to the service to which this rate methodology applies. When possible, Western will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner Western is charged or credited. If FERC's or other regulatory bodies' accepted or approved charges or credits cannot be passed through directly to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the Host Balancing Authority (HBA) applied to Western for providing this service will be passed through directly to the relevant customer in the same manner Western is charged or credited to the extent possible. If the HBA's costs or credits cannot be passed through to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:

The formula rate above will be applied to the amount of spinning reserve sold. Billing will occur monthly.

Adjustment for Audit Adjustments:

Financial audit adjustments that apply to the formula rate under this rate schedule will be

evaluated on a case-by-case basis to determine the appropriate treatment for repayment and cash flow management.